

## Slouching Toward Retirement?

BY BONNIE BROWN, RETIREE COORDINATOR

Foreign Service employees count themselves fortunate: their retirement benefits are good and, for most, retirement promises to be comfortable financially. Given this expectation, some employees and their spouses put off planning for retirement and finding out what lies ahead for them until the actual crunch comes. Then some wish they had done things differently, or simply fail to realize that they could have provided for a more comfortable retirement.

Retirees often tell me that no one had informed them about a rule that reduced the annuities they had expected to get, or that they were unsure whether they had provided for survivor annuities for their spouses or ask how to deal with some other unexpected problem. While I am always sympathetic, and realize that retirement regulations are complicated, I usually must advise them that *they* have to take primary responsibility for acquiring necessary information and making appropriate retirement decisions. This is true as circumstances change throughout their careers, but even more so as retirement approaches.

Being prepared for retirement requires keeping complete and accurate payroll, personnel and service computation date records; obtaining service credit for other federal employment; and determining which retirement system makes the most sense financially. It also means ensuring that potential family changes like death, divorce or remarriage are reflected in a timely way in health coverage and survivor benefits; and assessing what financial, life insurance and long-term care insurance needs will be for the retiree as well as for a surviving spouse.

The department provides considerable information for employees and their spouses. RNet, an online resource at

[www.rnet.state.gov/index.cfm?pg=mn](http://www.rnet.state.gov/index.cfm?pg=mn), provides a retirement planning guide, comprehensive retirement information, retirement forms and a very useful question-and-answer forum. The Foreign Service Institute's Transition Center offers a mid-career retirement planning course for employees, in addition to the retirement planning seminar and job search program for employees at retirement.

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retirement benefits.

Choosing the best date to retire can make a difference in the annuity level an employee will receive. At least one year before retirement, employees should ask the Retirement Office to make annuity calculations for them based on three different dates. They should also consult with their retirement counselors in HR/RET about specific issues affecting their retirement and time limits for making changes (particularly upon remarriage) well before retirement. It may also be wise to talk to a financial adviser about financial planning and tax considerations involved with lump-sum payments and state taxation of federal annuities, Thrift Savings Plan funds and Social Security benefits.

While the State Department does provide resources and counseling, it does not — as we learned to our sorrow in the recent spate of annuity overpayment cases — relieve employees or retirees of the consequences of errors made by the department. It is up to all of us to be vigilant,

even though this may be difficult when dealing with obscure and complicated legal areas such as the Foreign Service Retirement and Disability System Offset.

AFSA also provides a wealth of retirement resources and assistance to members. We publish guidance about retirement issues and benefits in the *Foreign Service Journal* and *AFSA Newsletter*, and by e-mail and online at [www.afsa.org/retiree/](http://www.afsa.org/retiree/). And each year AFSA's Labor Management Specialist James Yorke and I provide retirement-related assistance to hundreds of AFSA members. Also see AFSA's "Retirement Planning 101" in the September 2007 *FSJ*, online at [www.afsa.org/fsj/sept07/fsknowhow.pdf](http://www.afsa.org/fsj/sept07/fsknowhow.pdf).

Increasingly important, AFSA also works to keep its members informed about threats to federal retirement benefits. This year, Congress adopted a non-binding budget resolution that did not cut retirement benefits. It did not, however, address most major entitlement spending decisions.

These decisions will be left up to the next president and Congress. Given the need to rein in federal spending, they are likely to work together closely to reform entitlements quickly. Changes in the federal retirement systems, the Federal Employees Health Benefit Program, Medicare, Social Security and the Thrift Savings Plan could affect current and future retiree benefits.

With all this in mind, plan ahead and become well informed about your retirement future. AFSA will provide guidance and assistance to help you understand and deal with your particular retirement issues, and will keep a watchful eye on legislative threats to those entitlements. But the more attention you pay to your own needs in advance of retirement, the easier it will be for us to help you. □